

Fidelity India Fund

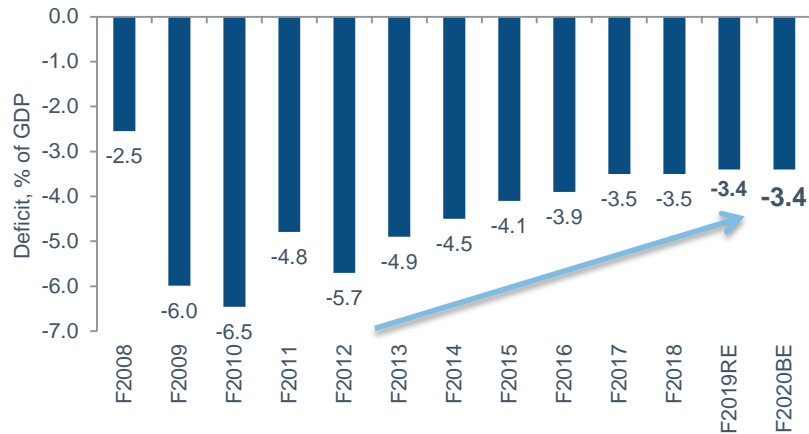
July 2019

Medha Samant
Investment Director

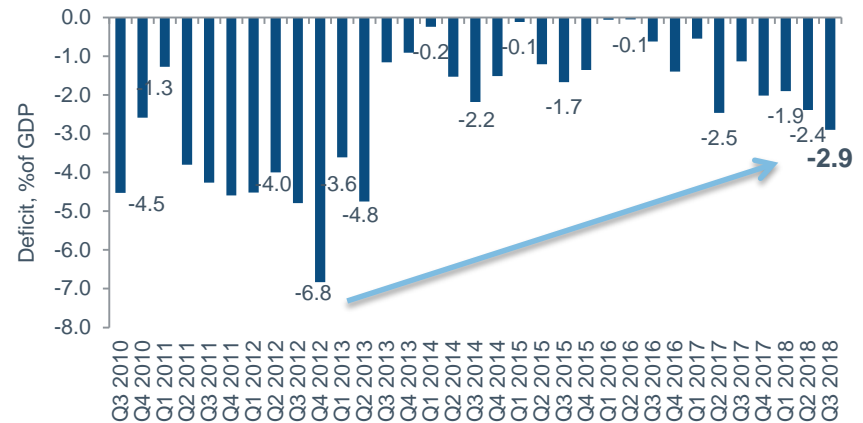
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Macroeconomic cycle: Fiscal and current account balances are key parameters

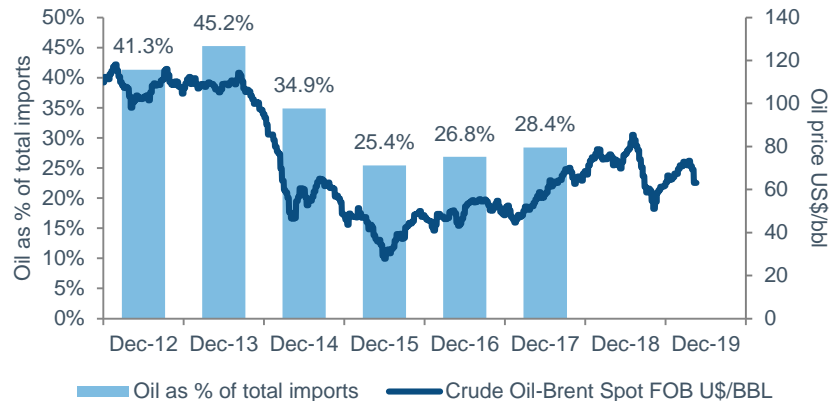
Fiscal deficit to be under control



Current account deficit up but not threatening



Oil price falls after a sustained rally



Economic policies consistent under various governments

In 1991, the Congress government did away with license raj, reduced tariffs/interest rates and ended public sector monopolies

The subsequent BJP-led government privatised state-owned businesses, reduced taxes and increased infrastructure spending

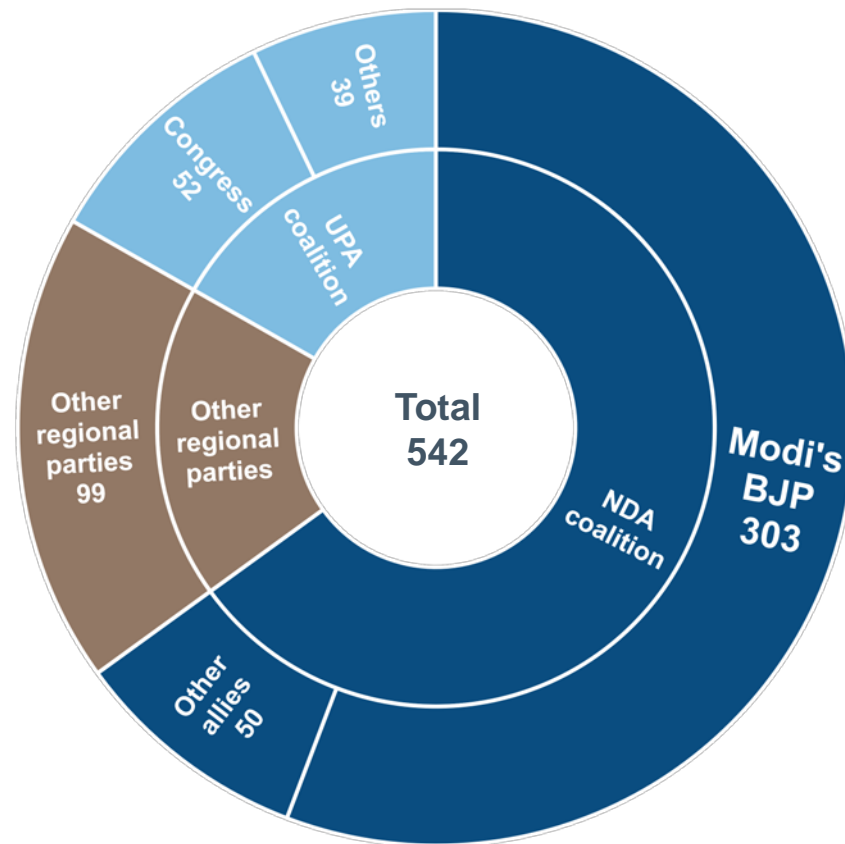
Congress-led UPA increased foreign direct investment limits, initiated the introduction of uniform Goods and Services Tax (GST)

The second BJP-led government under Modi pushed through the Insolvency and Bankruptcy Code and introduced GST

Source: Reserve Bank of India, Thomson Reuters DataStream, Factset, 31 May 2019; In the Union Budget RE: Revised estimates, BE: Budget Estimate, E: Estimate

Political cycle: A majority government for next five years

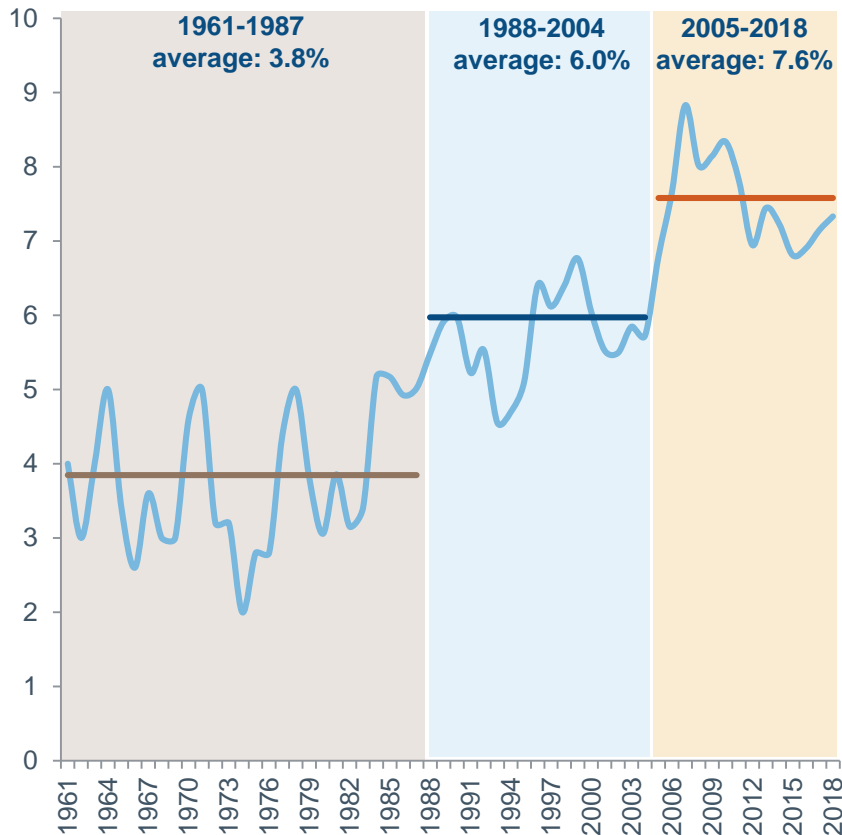
Strong electoral mandate for the Modi government – Number of seats in parliament



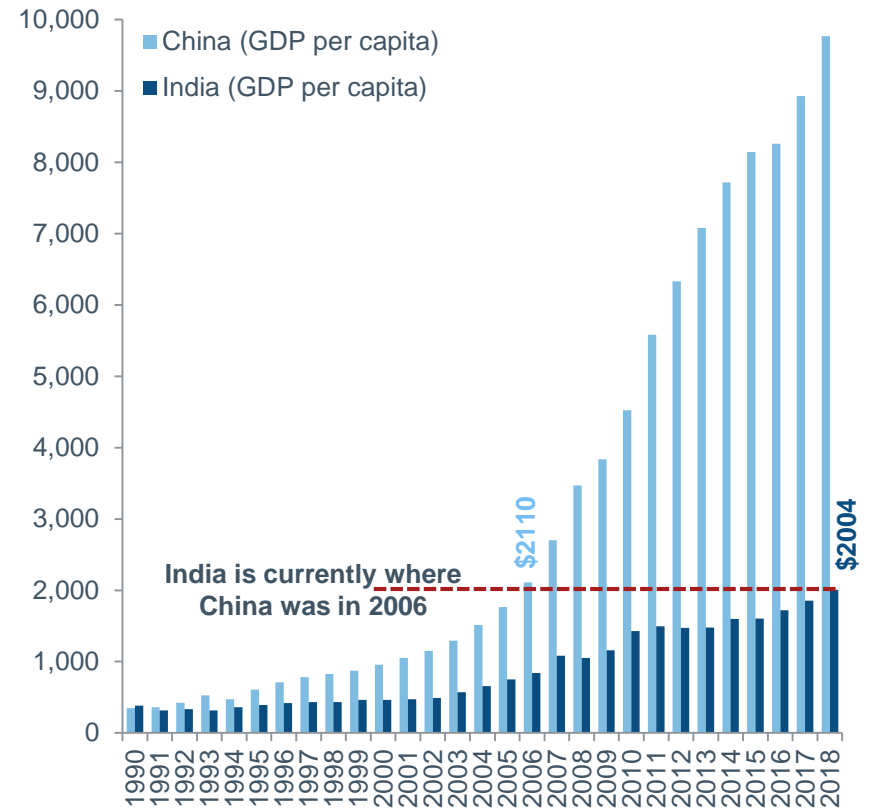
Source: Indian Election Commission, May 2019.

1. India offers long term structural growth

GDP growth can sustain at 6% to 7% levels



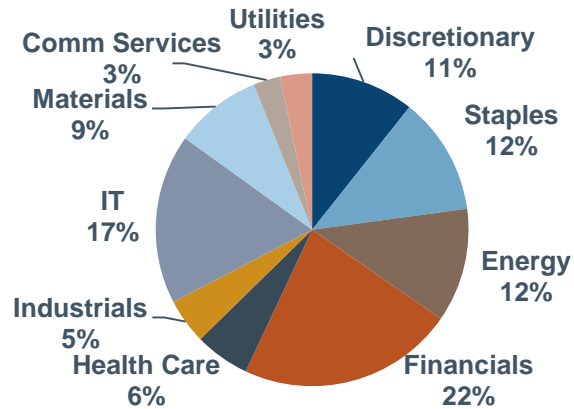
GDP per capita – India is where China was in 2006



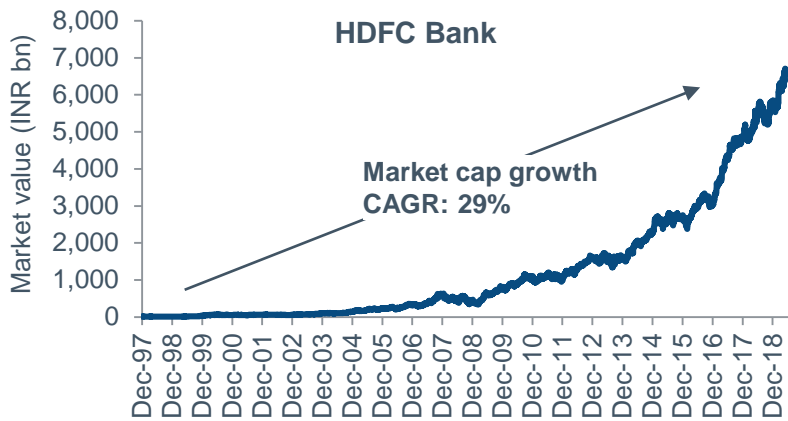
Source: World Economic Outlook Database, October 2018

2. Stock picker's market with good management quality

India has a broad investment universe



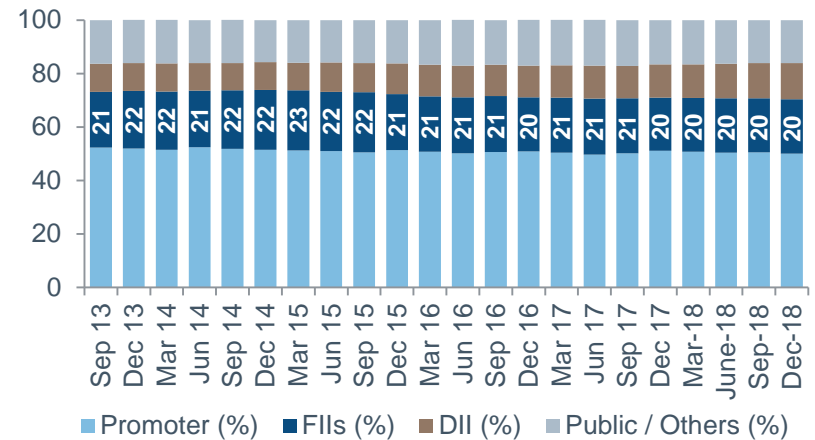
Presence of high quality growth companies



Indian equities offer high returns on equity



Foreign holding steady at around 20% - 22%



Source: Refinitiv DataStream, Fidelity International, 31 May 2019

3. Long term uptrend despite short periods of volatility

BSE Sensex long term performance in USD terms



Annualised returns (%)	1 year	3 years	5 years	10 years	15 years	20 years
In INR terms	13.7%	15.7%	11.9%	12.1%	16.9%	14.0%
In USD terms	10.1%	14.3%	8.3%	7.8%	13.6%	11.3%

Source: Refinitiv DataStream, BSE Sensex Total Returns Data as on 31 May 2019.

A multi-cap, all-weather portfolio

Key Portfolio Characteristics

1. Long time horizon



- Prudent and patient approach underpinned by bottom-up analysis
- A portfolio turnover of 10%-30% translates into 2-5 year holding period

2. Quality and Growth bias



- Looking for businesses that can scale up over the long term
- Looking for mispriced businesses

3. Lower risk



- Beta typically below 0.90
- Tracking error c.2% - 5%

4. Multi cap approach

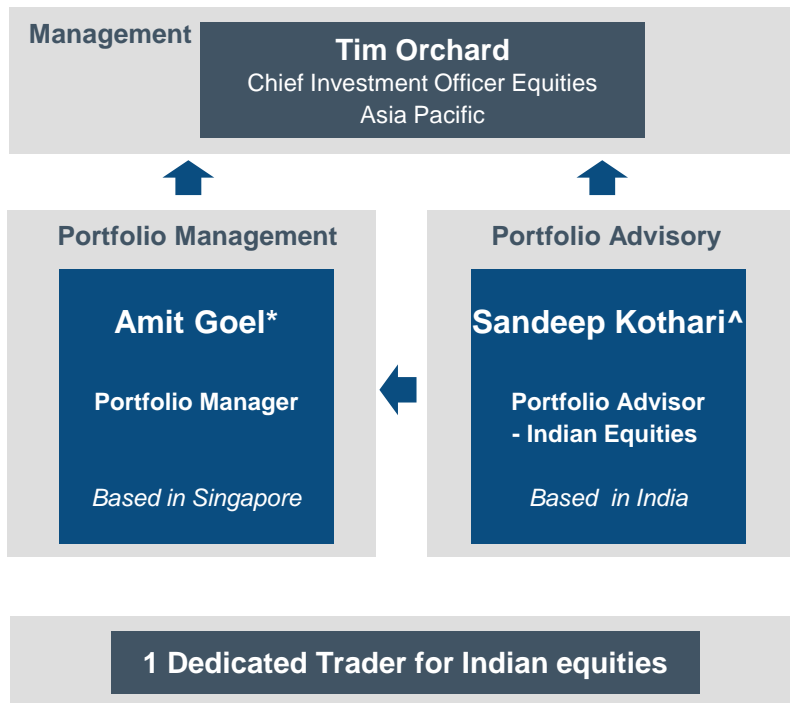


- Higher risk-adjusted returns across the market cap spectrum
- Liquidity, balance sheet and management quality are key risk parameters

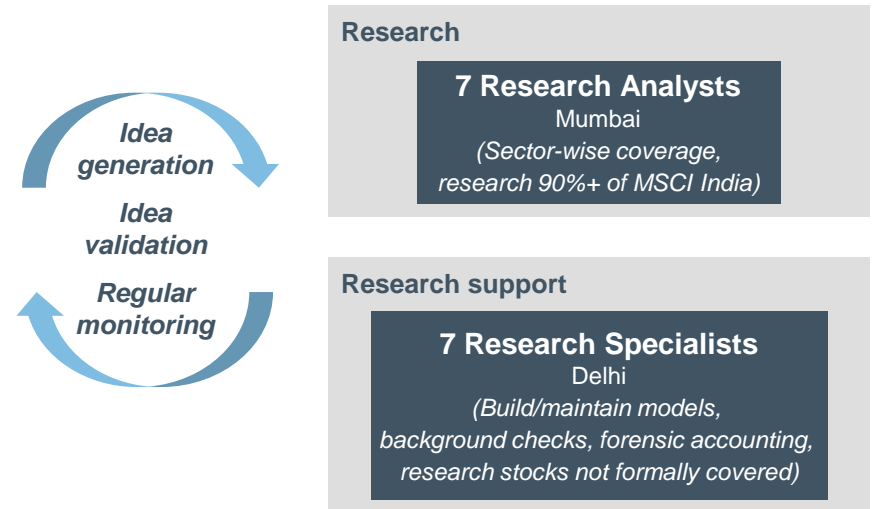
Source: Fidelity International

Team India

Portfolio Management



Research Support



Source: Fidelity International, 31 December 2017. Data is unaudited.

*Amit Goel took over fund management from 1 April 2016; ^Sandeep Kothari is the Portfolio Advisor since 1 September 2013

Investment Process

Market inefficiencies create opportunities for bottom-up stock selection

Universe – Top 500 to 700 listed stocks in India

Idea generation (own research, analyst inputs, company meetings, screens)

1. Stock Selection

- Fundamental analysis
 - ✓ How a business makes money
 - ✓ Scalability of the business model
 - ✓ Management track record

2. Valuation Framework

- Look to buy at right valuation
 - ✓ Cashflow generation and returns
 - ✓ Strength of the balance sheet
 - ✓ Margin cyclicality

3. Macro overlay

- Understand stage of business cycle
 - ✓ Especially for cyclical stocks

Portfolio – 50 to 70 holdings

Growth at a reasonable price

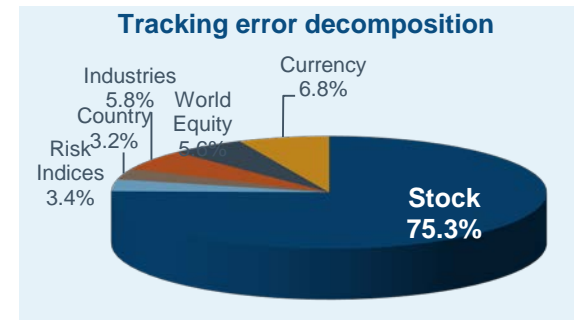
Cyclicals at attractive prices

Work closely with analysts on idea generation, validation and monitoring

Source: Fidelity International

Risk Management

Focus on maximizing stock specific risks

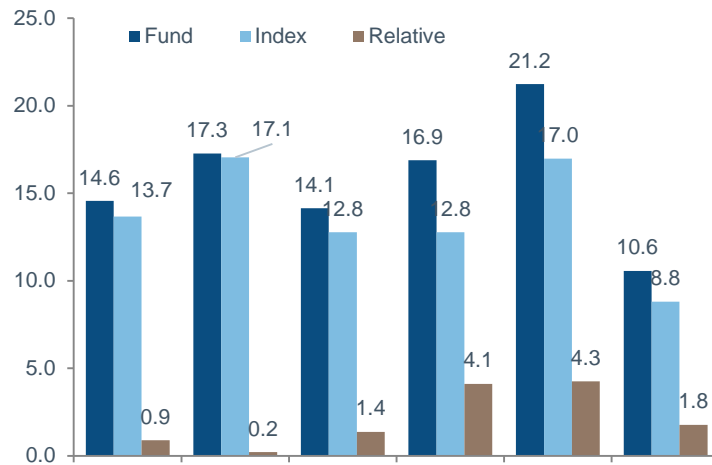


Source: Fidelity International, 30 April 2019

Fund Performance

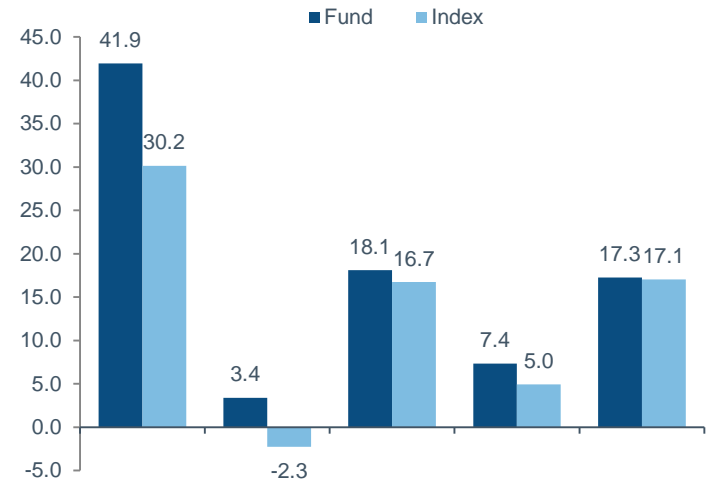
As on 31 May 2019

Standard Period Returns



	6m	1Y	3Y (p.a.)	5Y (p.a.)	Since tenure (p.a.)	Since inception (p.a.)
Fidelity India Fund	14.6	17.3	14.1	16.9	21.2	10.6
MSCI India Index (Net)	13.7	17.1	12.8	12.8	17.0	8.8
Excess returns	0.9	0.2	1.4	4.1	4.3	1.8

Rolling 12-month returns net of fees, AUD (%)



	31.05.14 - 31.05.15	31.05.15 - 31.05.16	31.05.16 - 31.05.17	31.05.17 - 31.05.18	31.05.18 - 31.05.19
Fidelity India Fund	41.9	3.4	18.1	7.4	17.3
MSCI India Index (Net)	30.2	-2.3	16.7	5.0	17.1
Excess return	11.8	5.7	1.4	2.4	0.2

Please note that past performance figures are not indicative of future performance.

Source: Fidelity International and MSCI, 31 May 2019. Comparative Index used for reference: MSCI India Index (Net). The Fid (Aus) India Fund is not sold in Hong Kong
Inception date: 29 September 2005. Past performance is not a reliable indicator of future performance. *Annualised figures. **Sandeep Kothari is the fund's Investment Advisor since 1 September 2013.

Top Ten Active Positions

As on 31 May 2019

Description		Fund weight (%)	Index weight (%)	Active weight (%)
HDFC Bank	India's largest and retail oriented private sector bank	6.3	--	6.3
ICICI Bank	Second largest private sector bank in India	4.8	2.9	1.9
Larsen & Toubro	India's largest engineering and construction company	3.9	2.1	1.8
State Bank of India	The largest public sector bank in India	3.2	1.8	1.3
Kotak Mahindra Bank	A retail oriented private sector bank in India	1.3	--	1.3
Hindustan Oil Exploration	Oil and gas exploration and production company	1.3	--	1.3
Sunteck Realty	A premium real estate developer in Mumbai, India	1.2	--	1.2
TeamLease Services	A leading staffing solutions company in India	1.2	--	1.2
Gujarat Gas	The largest city gas distributor in India	1.1	--	1.1
Embassy Office Parks REIT	The 2nd largest owner of office space in India	1.1	--	1.1
Total of Top 10		25.4	6.8	18.5

Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only

Source: Fidelity International, 31 May 2019. Data is for Fidelity India Fund. Past performance is not indicative of future performance. Comparative Index used for reference: MSCI India Index Net. Active Bet = % of Fund TNA - % in the Index. Numbers may not sum due to rounding.

Top Contributors and Detractors

12 Months to 31 May 2019

Top Contributors

Security	Relative Weight (%)	Total Relative Contribution (bps)
Yes Bank Ltd	-1.3	135.0
Eicher Motors Ltd	-1.0	64.1
Bata India Ltd	1.1	63.5
ICICI Bank Ltd	1.4	61.1
Indiabulls Housing Finance Ltd	-0.8	51.6
Vedanta Ltd	-0.8	43.4
Info Edge India Ltd	0.9	40.8
Page Industries Ltd	-0.1	37.1
Vodafone Idea Ltd	-0.3	33.4
Motherson Sumi Systems Ltd	-0.4	29.0

Top Detractors

Security	Relative Weight (%)	Total Relative Contribution (bps)
Edelweiss Financial Servcs Ltd	0.9	-108.8
Bajaj Finance Ltd	-1.4	-67.8
Infosys Ltd	-2.9	-45.2
Mahindra & Mahindra Ltd	0.8	-41.8
Dr Reddys Labs Ltd	0.0	-39.9
Axis Bk Ltd	-1.2	-39.8
Phillips Carbon Black Ltd	0.7	-39.2
Wipro Ltd	-1.2	-36.0
Tata Communications Ltd	0.9	-34.7
UPL Ltd	-0.8	-28.6

Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only

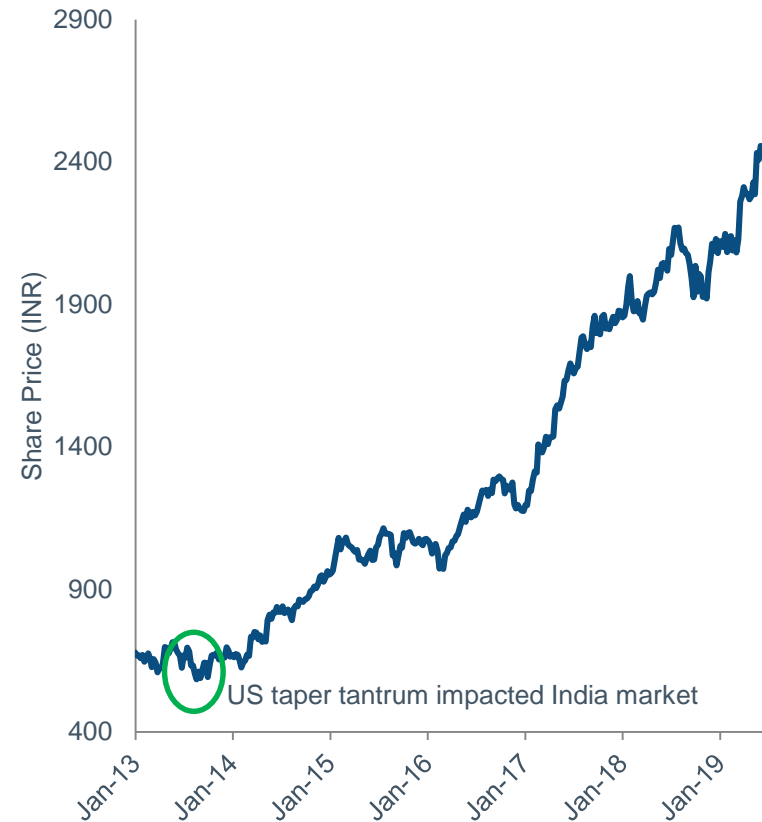
Source: Fidelity International, 31 May 2019. Currency: AUD. Covering the period from 01 June 2018 to 31 May 2019. Index is the MSCI India Index (Net).

HDFC Bank



India's largest non-state owned bank

- High quality management team
- Commercially minded when pricing risk vs state-owned banks => lower non-performing assets on balance sheet
- Low cost of funding a competitive advantage
- Leading technology for business operation and customer offerings => more customers in an increasingly digit savvy market
- Gaining market share, especially in rural India



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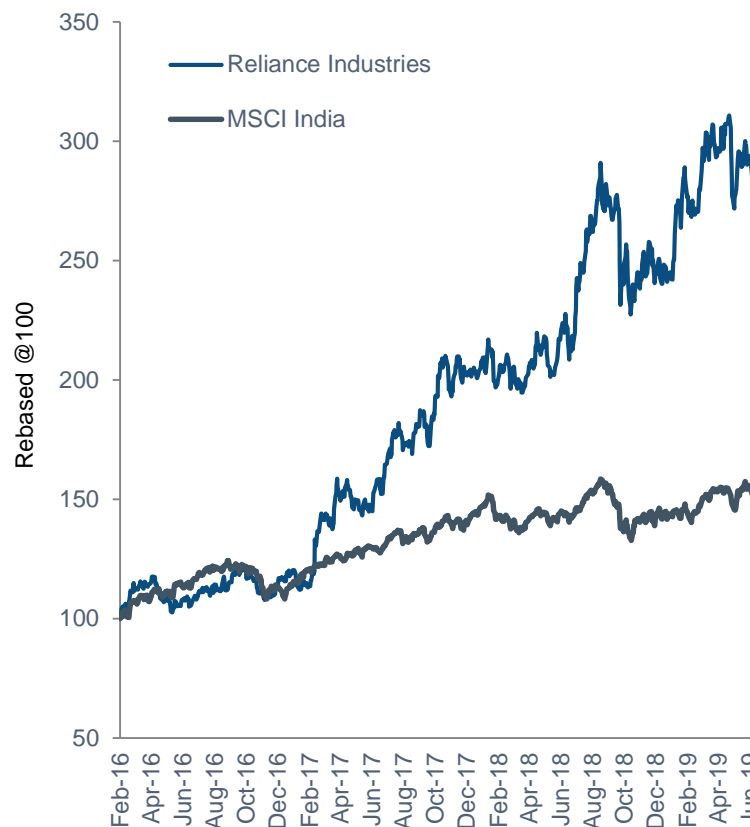
Source: Thomson Reuters Datastream. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity International. Past performance is not indicative of future performance.

Reliance Industries

■ India's leading oil refinery and petrochemicals company

- It is now India's largest company with an ecosystem that touches almost every aspect of the Indian economy from telecoms and retail to natural resources.
- It is creating an ecosystem with synergies across its telecom businesses and retail business to drive significant value for the company going forward.
- As the company scales up its telecom, broadband, retail, new commerce/e-commerce offerings, it opens up a lot of monetization opportunities through traditional means as well as through data, advertising and content
- The cash flow from the oil & gas businesses is going to enable the company to continue with its investments aggressively in its other businesses.

Share Price Performance to 30 June 19



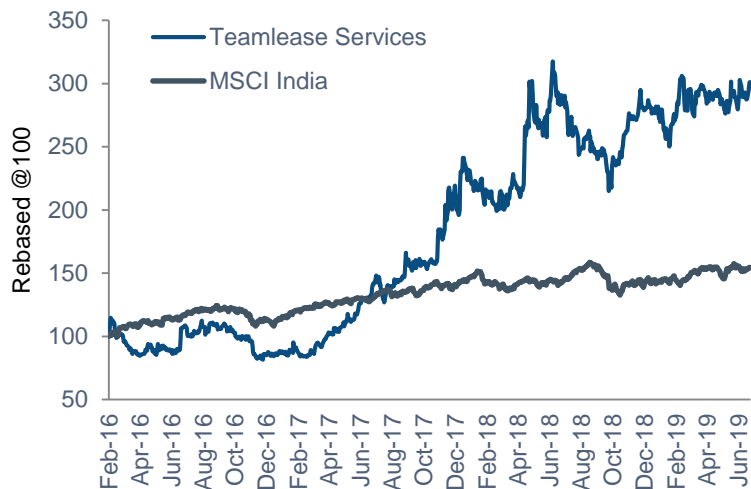
Source: Thomson Financials DataStream, I/B/E/S estimates, 31 October 2018. Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only. Data is for Fidelity Funds - India Focus Fund. Past performance is not indicative of future performance.

TeamLease Services

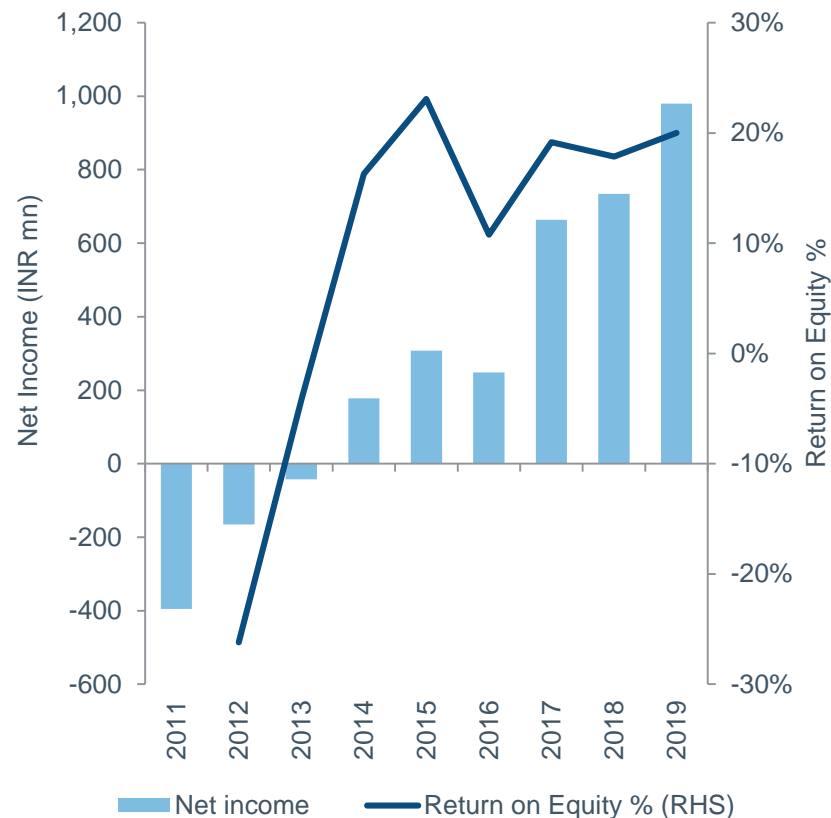
■ A leading staffing solutions company in India

- Provides temporary and permanent employment services and consultancy as well as learning and training solutions
- Structural growth in flexi staffing and shift towards the organized sector with GST and other regulatory reforms.
- High quality management team focused on consolidation in a fragmented industry through prudent acquisitions.

Share Price Performance to 30 June 19



Strong income growth and high return on equity



Source: Thomson Financials DataStream, I/B/E/S estimates, 31 October 2018. Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only. Data is for Fidelity Funds - India Focus Fund. Past performance is not indicative of future performance.

Outlook

What is expected in the next term

1. Agriculture: Solve rural distress by focusing on productivity increase and better price realization for farmers
2. Employment: Aid employment generation by focusing on labor-intensive sectors such as small and medium enterprises and start ups
3. Banking: Improve liquidity in the non-banking finance space and address asset quality issues
4. Tax reforms: Take direct tax reforms forward and rationalize the tax slabs under the GST
5. Capital expenditure: Reinvigorate the private sector investments by improving processes and easing land acquisition norms

Source: Fidelity International, 31 March 2019. Investors should note that the views expressed may no longer be current and may have already been acted upon.

Contact us



Andrew Mathie
Head of Wholesale Sales
T: 02 9225 0532
M: 0401 770 061
andrew.mathie@fil.com



Joe Gennusa
Regional Sales Manager
NSW
T: 02 9225 0469
M: 0420 822 383
joe.gennusa@fil.com



Matthew Wright
Regional Sales Manager
NSW/WA
T: 02 9225 0492
M: 0401 630 100
matt.wright@fil.com



Chris Robinson
Sales Associate
T: 02 9225 0428
chris.s.robinson@fil.com



Josie Mellier
Business Manager
T: 02 9225 0554
M: 0414 877 253
josie.mellier@fil.com



Andrew Dowling
National Sales –
Intermediaries
T: 03 9229 2350
M: 0419 746 721
andrew.t.dowling@fil.com



Olivia Hawkes
Regional Sales Manager
VIC
T: 03 9229 2353
M: 0434 186 189
olivia.hawkes@fil.com



Felicity Rock
Regional Sales Manager
VIC/SA/TAS
T: 03 9229 2354
M: 0423 955 328
felicity.rock@fil.com

Currently on maternity
leave until February 2020.
Please contact Dione Smith
for any enquiries.



Dione Smith
Sales Associate
VIC/SA/TAS
T: 03 9229 2351
dione.smith@fil.com



Lauren Jackson
Regional Sales Manager
QLD
T: 07 3112 2719
M: 0439 393 585
lauren.jackson@fil.com

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